PROF. SOURENDRA BHATTACHARJEE (West Bengal): The Treasury Benches are getting advance information and so they are completely upset.

(Interruptions)

SHRI KAMAL MORARKA: I want to suggest to the Petroleum Ministry that (1) they should make a corporate plan for the ONGC to cover the next 20 years and bring it before the House and (2) they should make a national fuel policy because with the oil production we have, with the refining capacity we have and with the other policies of producing cars—even in the last budget the distinction between fuel-efficient cars and other cars is being removed—we are going to have a push in the demand for fuel which we will not be able to meet whatever ONGC does.

On the one hand, ONGC's own new finds are limited. On the other hand, our fuel consumption is going high. The Petroleum Ministry should come out with two things—a corporate plan for the ONGC and a national fuel policy because it is very important in the long run. Just now we are very happy and the country is very happy because we are making profits. But the profits must last over a long time. I am sure the Minister must be seized of this matter. But I thought I should draw his attention to it. Gas is being flared at a loss of Rs. 300 crores. It means that we have not created gas-based fertiliser plants and power plants in time. To that extent ONGC could have earned more money. Similarly, about new oil finds, I would say that unless exploratory work is done, it will not yield immediate results. I can understsnd everybody in the ONGC being happy just now. It is endemic not only to the public sector but also to the private sector. One tends to think of only his tenure and of his lifetime. The oil reserves and gas reserves should last the country 50 years and 100 years. So, I again request Shri Brahm Duttji to pay his personal attention to this matter and come out with a plan.

THE DEPUTY CHAIRMAN: Shri Surendra Singh Thakur—not here. Now Mr. Ajit Panja will move the Finance Bill for consideration and return.

THE FINANCE BILL, 1989

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): Madam, I beg to move:

> "That the Bill to give effect to the financial proposals of the Central Government for the financial year 1989-90, as passed by the Lok Sabha, be taken into consideration."

Madam, the details of the proposals in the Finance Bill have been spelt out in the Explanatory Memorandum which has been circulated along with the budget papers. I am most grateful to hon. Members for their valuable suggestions regarding various provisions in the budget during the general debate. Suggestions were also received from trade bodies, professional associations, experts and knowledgeable persons. I am grateful to all of them. After a careful evaluation of all the suggestions, we have decided to make certain modifications in some of the original budget proposals.

We have proposed certain amendments in the Finance Bill in the portion relating to indirect taxes which are in line with the original budget proposals. These amendments are of a corrective nature and do not have major revenue implications.

The other changes in respect of

indirect taxes are as follows:

(1) As the hon. Members are aware, we had proposed in the budget an increase in the excise duty on picture tubes of black and white television sets to Rs. 200/- per tube. So also we had proposed an increase in the rate of excise duty on black and white television sets of screen size exceeding 36 cm. from Rs. 300 to Rs. 500 per set. Such sets are mostly fully indigenised. This sector of the industry has considerable potential for growth and export. It has been represented that any increase in excise duty at this stage may adversely affect the industry. We find considerable force in these contentions. In the circumstances, we propose to modify the rates of duty on black and white television sets and picture tubes therefor and restore the levels of duty obtaining prior to the changes made in the budget.

In the case of colour television sets of screen size not exceeding 36 cm, we propose to reduce the excise duty on sets without remote control to Rs. 1500 per set and on sets with remote control to Rs. 1750 per cent.

In our budget proposals, we had proposed the restructuring of excise duty on two-wheelers based on their engine capacity. In respect of two wheelers of engine capacity of 100 cc to 150 cc, we had proposed a rate of excise duty of 25 per cent *ad valorem* We propose to make this rate applicable to two-wheelers of engine capacity up to 200 cc.

In the budget we had announced some excise duty relief for mini cement plants using vertical shaft kiln technology. 'As a further step in that direction, we propose to extend the asme concession to similar mini cement plants using rotary kiln technology as well. As a measure of relief to the small scale sector, we propose to liberalise the general scheme of excise duty exemption for this sector by increasing the eligibility criterion for availing of exemption from the present level of Rs. 1.5 crores of value of clearances to Rs. 2 crores. We had proposed in the budget to levy excise duty at the rate of 15 per cent on certain specified articles of plastics which were enjoying full exemption from duty earlier. A number of representations have been received against the hike in excise duty. Considering that the articles of plastics are being used by almost all sections of the society and that some of the articles such as insulated plastic-ware are helpful in energy conservation, we propose to fully exempt all such articles of plastics and thus restore the pre-budget position. The excise duty on paper and paper board coated, impregnated or covered with plastics of sub-heading No. 4811.30 of the Excise Tariff is proposed to be reduced from 35 per cent to 15 per cent *ad valorem*.

'Sevian', a cereal preparation which is in common use particularly on religious and festive occasions, is being fully exempted from excise duty.

As a measure of relief to the jute indutry, we propose to give some reliefs in customs duties on selected items of jute machinery. The import duty on flat bed jute looms is proposed to be fully exempted. On circular looms and 4 other specified types of jute machinery, the import duty is proposed to be reduced to 40 per cent *ad valorem* from the existing rates.

We may inform the House that we propose to exempt coffee powder mixed with chicory from excise duty. The total impact of these concessions and reliefs aggregate to Rs. 4.3 crores on the customs side and Rs. 118.9 crores on excise side. I am confident that this will be made good by better collections. In respect of the exemptions I have proposed, notifications giving effect to them will be laid on the Table of the House in due course.

We shall now take up the proposals in the sphere of Direct Taxes. Hon. Members would recall that clause (7) of the Finance Bill, 1989, proposes to

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amend section 32AB of the Income-tax Act to provide that the benefit of deduction will be available to any assessee deriving income from business or profession provided that the utilisation of the deposit for purchase of new machinery or plant is used in the manufacture or production of priority items. It has been represented that although a special provision for eligible business is not now required, some provision must be there to provide for the manner of computing profits in relation to which the deposit to be made under this Section will be worked out. Therefore, a provision for computing the profits from business or profession in respect of which deduction will be available under section 32AB has now been incorporated.

The other amendments made to the Bill are of a consequential or drafting nature and I would not like to take the time of the House in dealing with them.

Hon. Members would recall that, rules for determining the value of assets have been provided in Schedule III of the Wealth Tax Act by the Direct Tax (Amendment) Act, 1989. Rule 12 of this Schedule lays down the manner in which the value of an unquoted equity share in an investment company is to be determined. This Rule provides that the method of valuation to be adopted will be the break-up value method and for this purpose the value of an asset disclosed in the balance sheet of the company shall be taken to be its value determined in accordance with rules applicable to that particular asset. Representations have been received that this manner of valuation will cause great hardship in cases where the asset in the balance sheet are shares and if they too are unquoted. In such cases the balance sheets of other companies would also have to be examined.

It is said that such a method of valuation will be administratively very cumbersome and the cost of compliance would be much high. Apart from this, a shareholder of an investment company has no control over the disposal of the shares by the company and, therefore, unrealised gain, if any, to the investment company is of no consequence to the shareholder. Keeping in view this hardhip, we propose to amend Rule 12 of Schedule III of the Wealth-tax Act, 1957, to provide that the difficulties of the nature expressed in the matter of valuation of share of investment companies are remedied. This amendment will be carried out at the earliest available opportunity and will be made effective from the 1st day of April, 1989.

Let me now turn to those who aim at excelence of mind and of body—our artists and sportsmen. Members are aware that there has been a phenomenal upsurgence in cultural activities in recent times. Still our creative artists and writers are suffering from several handicaps and one of them is lack of appropriate equipment and material. Some of these have to be imported as these are not available indigenously and when they are imported, the duties on such items make them costly. Government have, therefore, decided to provide a limited privilege of duty free imports to selected individuals and institutions after due appraisal in the fields of creative arts like dance, music, grapahic arts and letters. The details in this regard will be worked out shortly.

As an integral part of the Government's emphasis in the Seventh Plan on the broad-basing and development of excellence in sports in the country, it has been our policy to make available to sportspersons sports equipment and facilities of the highest standard. With this end in view, import of high quality equipment not currently in the range of indigenous manufacture, has been facilitated towards the building up of sports infrastructure of international standards. Government are, however,

conscious of the need to further liberalise the policy in this behalf, especially in view of our participation in international events like the Olympics and World Games, Commonwealth Games, Asian Games, Afro-Asian Games and the like. The liberalised policy which the Government propose to introduce in this behalf will be in respect of individual sportspersons of outstanding eminence as well as for upgrading our general training facilities to international standards. Details of this policy are being worked out.

Hon. Members would recollect that we had said about the Government's intention to formulate certain schemes for weak units and for promoting savings. We are happy to inform hon. Members that these have now been formulated and the Government is in a position to give the details in this Session itself.

The Equity-Linked Savings Scheme is meant to encourage investment in equity by households. The basic features of this scheme will be as follows: (1) The scheme will operate through closed-end funds set up for this purpose by the U.T.I. and other mutual funds. (2) A sum up to Rs. 10,000 invested in these funds will be eligible for full deduction from taxable income in the year in which the investment is made. A new section will be introduced for this purpose in the Income-tax Act. (3) The amounts collected by the funds will be invested in the equity of new and old companies. (4) Dividends realised by each such closed-end fund will be fully distributed and will be eligible for deduction under section 80L of the Income-tax Act. (5) Withdrawals will be permitted after a lock-in period of three years at a re-purchase price based on the net asset value of each fund. The part of the withdrawal that corresponds to the purchase value of the unit will be added to the income and the part corresponding to the increase in the value of the unit, as reflected in the re-purchase price, will be added to the Capital Gains in the year of withdrawal.

We had also announced the formulation of a scheme for retiring Government servants. This scheme has also been formulated and it has the following features: The scheme will be open for investment by retiring Central and State Government employees. The benefit of this scheme will also be made available to Government employees who have already retired. Retiring employees should make the investment within three months of the date of retirement while retired employees should do so within three months of the date of commencement of the scheme. (2) The retirement benefit eligible for investment under this scheme should not exceed the total of the following: (a) Balance at the credit of the employee in Government Provident Fund. (b) Retirement/superannuation gratuity. (c) Commuted value of pension. (d) Cash equivalent of leave and (e) Benefit element of Government Insurance Scheme payable to the employee on retirement. The investment will be for a period of three years. At the option of the depositor, the account can be continued even thereafter. The depositor will be paid interest on the balance in the account at half-year intervals. The rate of interest may be 9 per cent. The scheme will be operated through public sector banks and the depositor will be given a pass-book. The banks will pass on to the Government account credits for receipts and debits for payments made. As the scheme is a combined scheme for Central and State Government employees, it is proposed that 50 per cent of the net collections in the banks situated in a State may be passed on to that State Government as loans on the lines of sharing the small savings deposits.

The third scheme was the new National Savings Certificate, Series VIII. This has been implemented and a notification in this regard has been

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issued. The sale of the certificates will commence shortly. The major features of this scheme are as follows: (1) The investment in the N.S.C. Series VIII will be open to individuals and also to institutions like companies, partnership firms, local authorities, corporations, trusts, etc.,(2) The investments will carry the interest of 12 per cent (compounded) and the maturity value per certificate of Rs. 100 after 6 years will be Rs. 201.50, the maturity value for other denominations at proportionate rate. (3) The investment in the NSC VIII Issue will enjoy tax deduction under section 80C of the Income Tax Act.

Excise relief for weak units: Hon. Members will recollect that we had stated our intention to formulate an excise relief scheme for weak units. I am very happy to inform that this has been done and the necessary notification will be issued shortly. The basic features of this scheme will be as follows:

(1) The scheme would apply to any unit in which 50 per cent or more of the maximum net wealth in any of the previous five accounting years has been eroded by accumulated losses.

(2) The unit should have a rehabilitation, modernisation or diversification package approved by a designated financial institution. The package may include capital expenditure, working capital margins, labour rationalisation costs, technology acquisition payments, financial restructuring, repayment of term loan and such other items as are directly relevant for the purpose of rehabilitation, modernisation or diversification.

(3) The eligible unit would be entitled to an interest-free loan, with a grace period of three years and repayable over seven years, amounting to 50 per cent of its actual excise payments for three years subsequent to the approval of the scheme. The total amount given by way of such "excise loans" will not exceed 25 per cent of the overall cost of the rehabilitation/modernisation/ diversification package.

(4) Excise loans will be released to the units through the designated financial institutions.

Madam, I request the hon. Members to lend support to the Finance Bill as passed by the Lok Sabha.

The question was proposed.

THE DEPUTY CHAIRMAN: Before Shri Morarka starts, I thought we could adjourn now. There are some glass pieces there and we thought we could clean the place properly. There was going to be a mishap in the Rajya Sabha which we have worked out. Otherwise, some glass pieces would have hurt Mr. Ashwani Kumar and others. (*Interruptions*). You can always depend on me. I will save you and give you protection. It is my duty to protect the Members of this House.

AN HON. MEMBER: Madam, it was due to you that the mishap was averted.

THE DEPUTY CHAIRMAN: The House is adjourned for lunch till 2.00 P.M.

The House then adjourned for lunch at fifty-nine minutes past twelve of the clock.

The House re-assembled after lunch at six minutes past two of the clock [**The Vice-Chairman (Shri H. Hanumanthappa) in the Chair.**

THE FINANCE BILL, 1989—Contd.

THE VICE-CHAIRMAN (SHRI H. HANUMANTHAPPA): The discussion on the Finance Bill continue. Shri Morarka.

SHRI KAMAL MORARKA (Rajasthan): Sir, the Finance Bill represents